



Broadband usage among micro businesses

A study on behalf of:



17th November 2014



BSG Foreword to Comres Survey

Broadband usage among micro-businesses

The BSG's work programme for the past two years has focused on the demand side of the broadband policy debate. With policy makers focusing on how to deliver increased speed and coverage targets given the differing costs and capabilities of technologies, we have sought to raise the profile of how this infrastructure is being used, and how it may be used in the future.

In this programme of work we have focused on [Domestic Demand for Bandwidth](#), which we sought to quantifiably model to 2023, and we have recently concluded a qualitative counterpart to that, examining out-of-home internet usage. The third strand has focused on SMEs digital connectivity requirements, with a particular focus on micro and small businesses.

In early 2014 we published [Capitalising on Connectivity](#) which reviewed the current research on the benefits that improved digital connectivity and usage would bring to SMEs, and the economy as a whole. This recapped the actions that Government and others were undertaking in order to promote the business benefits that come from the use of broadband-enabled applications as well as new research and analysis from deep dive interviews with 16 micro and small businesses.

Although assertions are often made in the public domain about the bandwidth demands of SMEs, our report exposed a gap in the evidence base on SME internet usage as whole. As well as suggesting that Government seek to capture more data through its biannual Small Business Survey, the BSG committed to conducting more work in this area.

We therefore commissioned Comres to conduct a survey of 1000 micro-businesses to examine their internet usage. Comres did this over August-September via telephone interviews, with the data weighted to be representative of all micro-businesses in the UK by size, region and industrial sector. We chose to concentrate on micro-businesses as they form over 95% of all businesses in the UK and account for nearly one third of total employment, yet they are poorly understood by both industry and policy makers.

In the first section, Comres asked a series of questions around the speed, type, cost and supplier of a company's internet connection, as well as the reason that company's had chosen their internet product. In the second section, Comres questioned them about internet and broadband enabled services and the reasons why businesses do and do not use them. This second section is particularly important as we know that content and services ultimately drives take-up of internet products.

Of the 1000 businesses contacted 87% stated that they have an internet connection that they use for business purposes. Of those, 92% have a fixed line connection with 4% relying solely on a mobile internet product and just 1% relying on satellite connections. Of the fixed line connections, 69% have a standard broadband connection, with 22% using a superfast product and just 2% using a leased line. Most businesses were able to name their internet provider, but just 28% of respondents were

able to name their product. This was mirrored in a lack of knowledge around the speed of their internet connection with 62% not knowing their exact speed¹ - the median of those that were able to provide an answer was 12Mbit/s, with both knowledge and speed varying across industrial sectors.

Price² was the primary driver of companies choosing their internet product, with 20% saying that this was a motivating factor. Loyalty to a brand and the overall package were secondary drivers with 9% of businesses saying that these were factors. Interestingly only 8% of respondents said that speed was a motivating factor – with those with superfast connections more likely to do so.

The report highlights a clear correlation between the use of internet applications and services and the type of connection, with those using superfast products more likely to use internet services, and use them more regularly, than those with standard broadband connections. This applies across services with generally low bandwidth requirements – such as e-invoicing – as well as across services requiring higher bandwidth – such as video conferencing or the creation and viewing of video content.

The survey also found that younger businesses – particularly those that have been in operation for less than five years – are without exception more likely to use these broadband enabled applications. This may indicate both a greater awareness of products but also being more inclined to try new products as a way of differentiating themselves.

Although the most common reasons that companies gave for using these services focused on them increasing their efficiency and productivity, many micro-businesses do not use these services. The most common reason given for not using any particular service is because it is not directly applicable or relevant – with online banking the sole exception, where security concerns rank most highly.

It is entirely possible that firms are making logical decisions in choosing whether or not to use certain applications. For example, it is understandable why 56% of those businesses in the hospitality and services sector who do not to use home working services do so because they feel that it is not relevant to them because of the nature of their work. However, just 48% of micro-businesses in the hospitality and services sector with an internet connection use social media – yet of those who do use it, 25% said that it is more efficient than offline communication methods with 15% saying that they used it because it helped drive sales. This suggests that some companies – who tend to be younger – have a different perspective on the opportunities presented by digital services.

As noted, services are not used as they are not relevant, or perceived to be relevant, to businesses – as opposed to there being a widespread infrastructure or cost barrier. This supports the Lloyds Bank

¹ It should be noted that of those who gave answers it is unclear if this was the headline speed or whether they were providing information from a recent speed test.

² The survey enquired about the cost of businesses internet connection, with the median being £25/month. However, this is an indicative figure given the difficulty in splitting out line rental, calls and any additional services from an internet or communications provider.

Digital Index 2014 which stated that *“the main barriers to digital adoption are around attitude”*³. What makes modelling these organisation’s future infrastructure needs difficult is that if, and we feel that there are at least some that should; these businesses did feel that they were relevant then it may be that insufficient infrastructure, such as their broadband connection, or a lack of skills would emerge as roadblocks to increased usage. At the moment they are at best known unknowns.

Whilst charities, private companies and Government have made impressive strides towards ensuring that UK SMEs can reap the benefits of the digital age, more can and should be done to assist them. The BSG believes that:

- It is critical to understand the scale and nature of the problem. This will require an expansion to the existing evidence base. In light of this the **BSG welcomes Ofcom’s recently announced SME Plan looking at how communications markets serve SMEs and urges them to maintain this focus** – particularly on micro and small businesses.
- Around 4% of organisations – especially those with 0-4 employees – rely on mobile broadband connections. **Schemes aimed at increasing the digital maturity of businesses should therefore carefully analyse the role that mobile devices and indeed mobile only access can play.**

The survey substantially adds to the evidence base in this area and brings important new insights into attitudes amongst micro-businesses to internet applications, which the BSG looks forward to taking forward.

Please download the full report at www.broadbanduk.org

³ Lloyds Bank, [UK Business Digital Index](#), p. 34

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BACKGROUND

Objectives

- The objective of this research is to explore the usage of broadband among micro businesses in the UK, including the products they use, what they use the internet for, and why they do so. The research will inform the Broadband Stakeholder Group as to how and why micro businesses use broadband, and complement previous qualitative research among businesses, and quantitative research among consumers.
- The research will help to fill a gap in existing data about what micro businesses are using the internet for, and why. This project will improve BSG's awareness of the bandwidth / connectivity needs of micro businesses, allowing them to act effectively on the issues that are most important to micro businesses. The research will also provide a picture of micro businesses' demand to inform BSG's input into the debate on digital communications infrastructure and legislation, and contribute to Ofcom's business connectivity market review (BCMR).

Methodology

Quantitative research	
<i>Audience</i>	<p>1,000 business decision makers in the UK.</p> <p>All respondents are responsible for the operational and management side of the company, and are either solely responsible for, or involved in, making decisions.</p> <p>All respondents work for micro businesses (0-9 employees).</p>
<i>Fieldwork Dates</i>	6 th August – 2 nd September 2014.
<i>Methodology</i>	A telephone methodology was used.
<i>Weighting</i>	Data were weighted to be representative of all micro businesses in the UK by size, region and broad industry sector.

EXECUTIVE SUMMARY

Internet Usage

The vast majority of micro businesses in the UK have an internet connection that they use for business purposes, although a substantial minority do not. Among those who do, fixed-line internet is by far the most common form, dominated by regular broadband, although a minority make use of superfast broadband instead. BT is the most common provider by a significant margin, followed by TalkTalk and Virgin Media. Mobile, satellite, leased line and dialup connections represent only a small minority of UK micro business internet use.

While there is a huge range of different connection statistics, the average UK micro businesses has an internet speed of 12 megabits per second, and pays £25 per month for their internet connection.

The number one factor driving the usage of particular internet products is price, with cost-effectiveness being the biggest decider of internet supplier. Many UK micro businesses did not make an informed decision based on any particular criteria, instead opting for the connection they have always had, one that was set up when they moved in, one linked to their phone system or even in some cases the only option in their area. Although a factor for some, speed was not a particularly prominent consideration.

Online Services and Applications

The most commonly utilised online services and applications among micro businesses are email and online banking. The usage of other services is not that widespread, although more than half use the internet for working from home, updating their company website or e-invoicing. Particularly in the case of less commonly used services, the trail is being blazed by younger businesses (particularly those in operation for less than five years), and those with superfast broadband. This suggests that a combination of faster internet speed and a fresher outlook may be driving the usage of a more diverse range of online services, implying that these services will become more popular over time, likely placing greater pressure on UK broadband infrastructure.

Where micro businesses make use of online services, whether this is commonplace or not, the key reasons for doing so are because they allow greater efficiency than offline methods, being business-critical and being cost-effective. These are consistently the most important across all services tested.

There are very few notable barriers to the use of internet products, with non-usage overwhelmingly the result of that service not being relevant. The only major exception to this rule is online banking. Although in common use by the micro business population as a whole, those who do not use it are most likely to avoid online banking out of concerns over its security. Improved confidence in online banking will be necessary if the one major barrier to micro business online service use is to be overcome.

INTERNET USAGE

Usage of the internet for business purposes

- The majority of micro businesses have an internet connection which they use for business purposes and the vast majority of these respondents have a fixed-line connection.
- BT is the most popular provider among respondents, although the majority do not know the name of their internet product.

Business size, turnover and the length of time businesses have been in operation are key factors surrounding whether or not micro businesses have an internet connection which they use for business purposes.

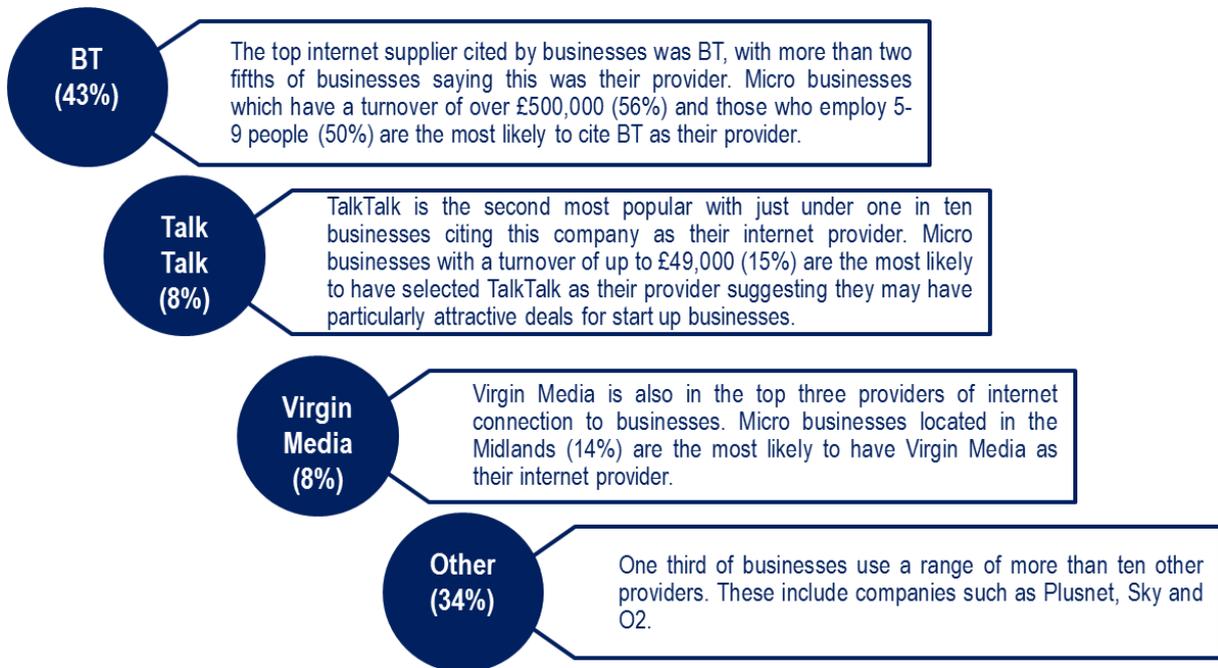
The majority of businesses (87%) do have an internet connection which they use for business purposes. Just over one in ten (13%) say that they do not have an internet connection for business purposes. This demonstrates the significance of internet provision to businesses across the full range of sectors.

Businesses with a higher number of employees (95% of those with 5-9 employees) are significantly more likely than those with fewer employees (86% of those with 0-4 employees) to have an internet connection for their business. Businesses with a turnover of up to £49,000 (78%) are also significantly less likely than overall (87%) to have an internet connection.

The industries which are most likely to have an internet connection for business purposes are information and communication (100%) and business and finance (99%). In contrast, services and hospitality (74%) and the primary industries (79%) are the sectors in which businesses are least likely to say that they have a connection.

The vast majority of businesses who have a business internet connection say that they have a fixed-line connection (92%). Just 4% of businesses say they have a mobile internet connection for business purposes and 1% have a satellite connection. This is a pattern which is consistent across almost all demographic factors.

Q2b. What is the name of your internet supplier?

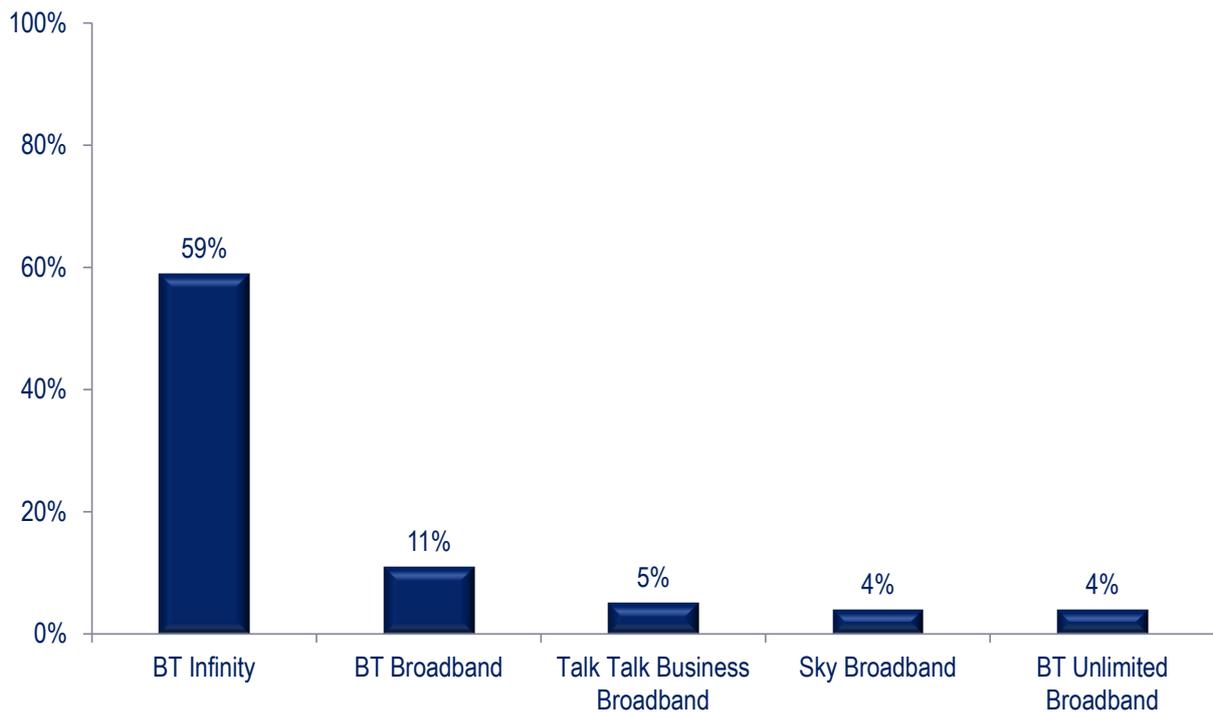


Base: All respondents who have a business internet connection (n=863)

Almost two thirds of respondents can provide no detail of their particular internet product (62%), while just over one quarter (28%) are aware of the service provided but cannot name the specific product they have. One in eleven micro businesses can directly name the internet product they have (9%). Those in the arts and entertainment industry are the most likely to be aware of the internet product they have (17%), while those operating in public services are the most likely to not know any details in this area (69%).

The most likely product to be directly named by micro businesses is BT Infinity (59%) with over half of respondents aware of their product name stating this response. BT is the provider which micro businesses are most likely to know the service names of three of their products featuring in the top five cited.

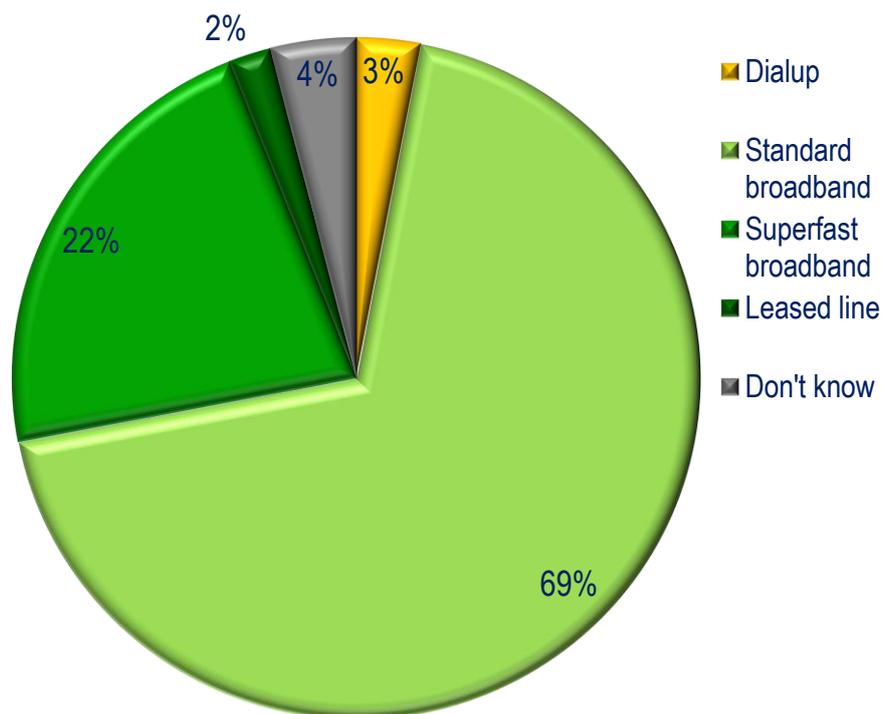
Q2c. What is the name of the particular internet product that you use?



Base: All respondents who have a business internet connection and provided a specific name for their internet product (n=76)

More than two thirds of micro businesses (69%) who have a fixed-line connection have standard broadband. Those located in the devolved regions (75%) are the most likely to have this type of connection. One in five micro businesses have superfast broadband (22%) while just 3% have a dialup internet connection. Few micro businesses make use of highly-specialised leased-line connections (2%). This suggests that while 56k modems are a thing of the past, uptake of next generation broadband services among micro businesses is still limited.

Q2d. What type of internet connection do you have?



Base: All respondents who have a fixed-line business internet connection (n=792)

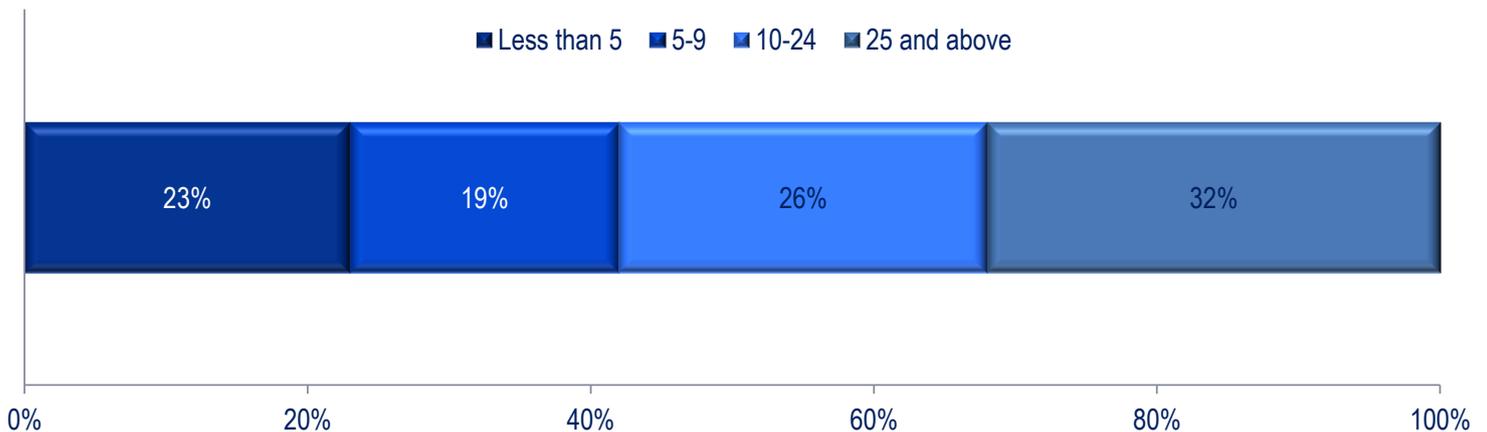
The majority of micro businesses who have a mobile business internet connection (34 respondents) have a 3G connection (18 respondents). One fifth of respondents say that they have a 4G connection (7 respondents). 5 respondents have a pure mobile connection (e.g. a dongle).

The majority of respondents don't know what the exact speed of their internet connection is (62%). Of the micro businesses who are aware of their internet speed, the largest proportion say that their internet connection is over 25 megabits per second (32%). The median internet speed among those who know is 12 megabits per second. Businesses in the Midlands are the least likely to say they don't know the speed of their internet (53%).

The industries with the fastest internet speed include public services (median score: 24 megabits per second), and the arts & entertainment and information & communications sectors (median score: 20 megabits per second). The primary industries have the slowest speed of internet, with a median score of just 3 megabits a second.

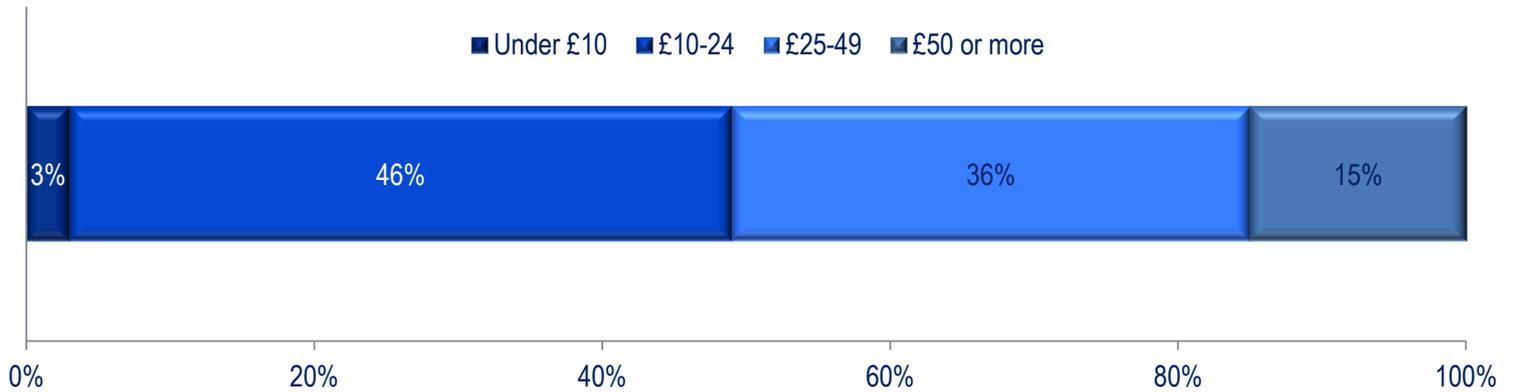
Q2e. What is the speed of your internet connection?

Showing megabits per second (Mbit/s)



Base: All respondents who have a business internet connection and provide an answer (n=303)

The largest proportion of micro businesses with an awareness of how much they pay for their internet service say they pay between £10- £24 each month for their connection (46%). However, more than a third (35%) of respondents say they don't know how much they pay for their internet connection. The median amount paid for an internet connection for business purposes is £25 per month. It should also be borne in mind that the specifics of different cost elements (e.g. line rental) can be difficult to understand in detail, meaning there may be some variance in results as a consequence.



Q2f. How much do you pay for your internet connection?

Base: All respondents who have a business internet connection and provide an answer (n=512)

Micro businesses which have a turnover of up to £49,000 are the least likely to say they don't know how much they spend on their internet connection (25%). This highlights that levels of awareness surrounding the cost of a company's business internet connection may be linked to the size of an organisation.

The industries which report paying the most, on average, for their internet connection are public services and the information & communication sector (£30). This is likely to be linked to the speed of their connection given that these industries are in the top three of those who have the fastest internet speed. Meanwhile, it is the primary industries which pay the lowest amount (£20) for their internet connection among the industries tested. This further demonstrates the link between price and speed given that this sector has the slowest internet speed.

Reasons for choosing connections

- **Price is the primary motivation for micro businesses when selecting an internet provider, with speed not a consideration for many.**
- **A notable proportion did not choose the connection they have for its qualities, but rather because it was already there.**

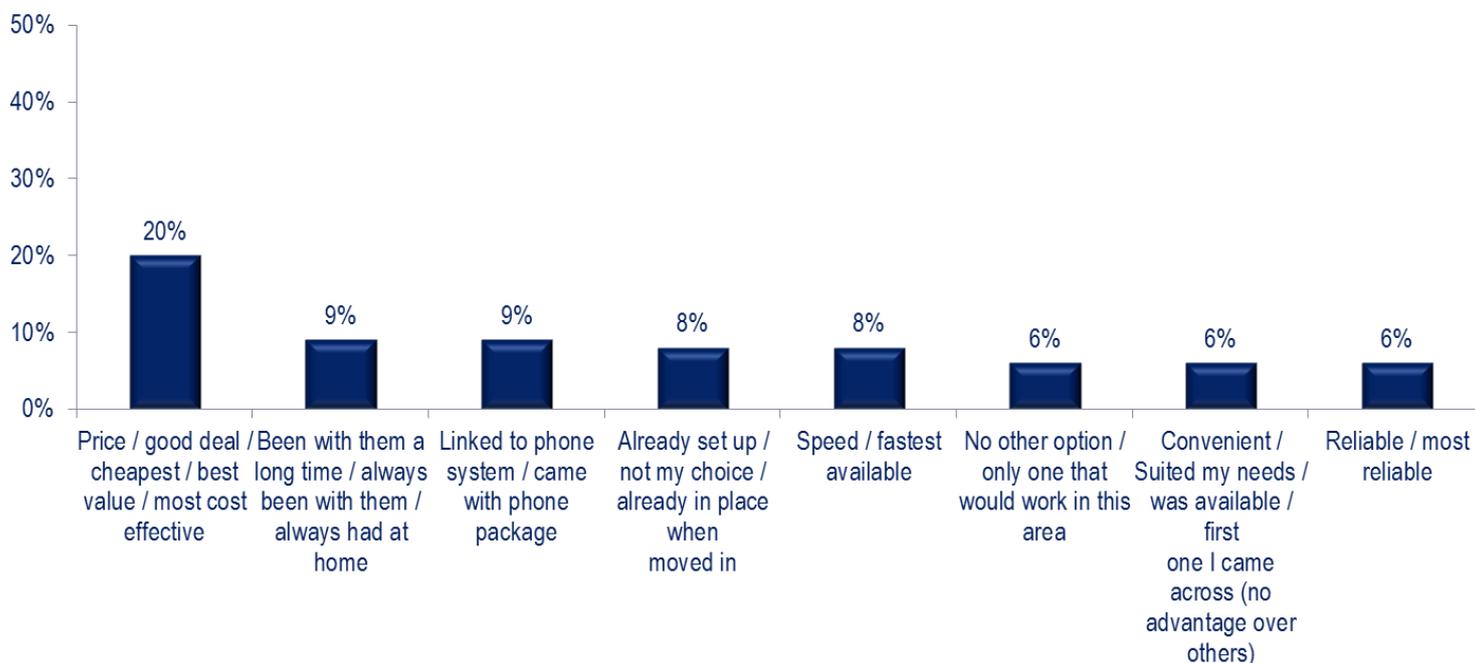
Micro businesses are most likely to cite price as the main reason for selecting a particular internet product (20%). For 9% of decision makers, the reason for choosing their internet provider is because they have been with the provider for a long time, while the same proportion (9%) chose it because it was linked to their phone system or came as part of a package. A similar proportion (8%) say their provider was already set up. This demonstrates that loyalty is an important issue for micro businesses when selecting their internet providers.

However these findings also suggest that there is a proportion of micro businesses who have a provider which they did not select on the basis of the quality of internet access provided or did not actually select themselves at all. This is especially the case with micro businesses which have a turnover of £500,000 or more (16% use a system as part of a package and 15% use one already set up when they moved in) compared to those with a turnover of up to £49,000 (7% and 9% respectively).

Just under one in ten (8%) say that internet speed is the main motivation for selecting any given provider. In addition, just 6% say they selected a provider on the basis of them delivering a reliable service. Both speed and reliability are less important to micro businesses than price and do not appear to be especially significant issues among those surveyed.

Meanwhile, a few respondents say that they had no other option than the provider they have (6%), highlighting that some micro businesses perceive that they still have a limited number of internet providers who either meet their needs or provide coverage in the areas within which they operate.

Q3. Why did you choose the particular internet product that you use? What advantages did it have over others?



Base: All respondents who have a business internet connection (n=863)

Micro businesses which have been in operation for less than 5 years are more likely than others (25% vs 20% overall) to say price is their prime motivation for choosing a specific product. This highlights that price is a key determinant for organisations in their early stages of going into business and suggests that this group may be the most selective in their choice of provider for this reason.

In contrast, one of the most important reasons for businesses which have been in operation for over 50 years is how long they have been with their provider (16% vs 9% overall) highlighting that loyalty is a factor for businesses which have been in operation for a longer period of time. For these businesses, knowing that they have a reliable provider whose reputation and service they can trust is a more prominent factor than for younger businesses.

For most of the industries analysed, price was the most important reason why an internet provider was selected with almost a quarter of those in the primary industries selecting this as their top motivation (24%). Meanwhile, micro businesses operating in the public service industry are most likely to say that their internet provider was already set up (29%). Those in information and communication are the most likely to say speed was the reason for selecting their provider (22%).

ONLINE SERVICES AND APPLICATIONS

Usage patterns

- **The vast majority of micro businesses make use of email and online banking, but the uptake of other services is more limited.**
- **Online services and applications are most commonly used by those with superfast internet, and by smaller micro businesses.**

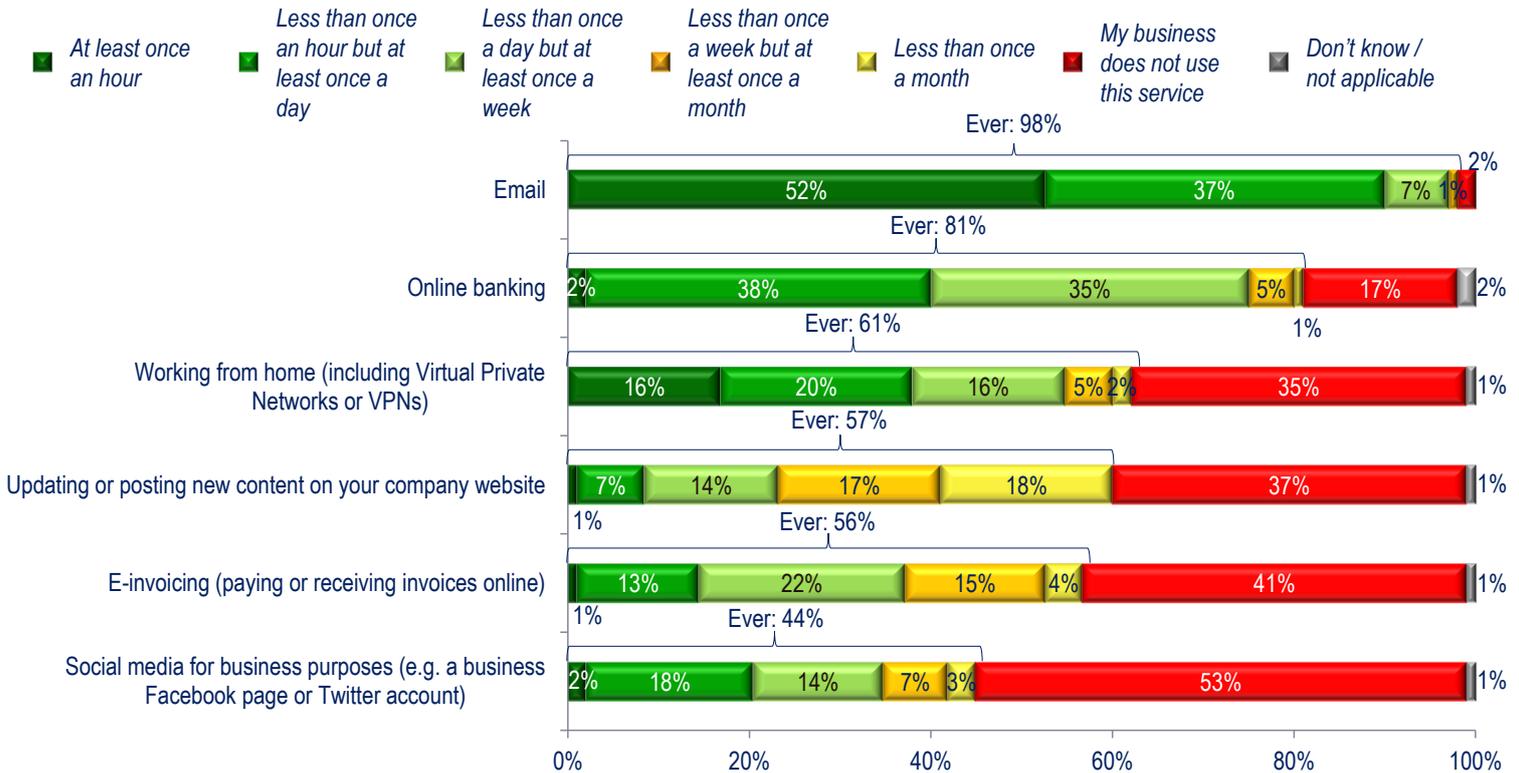
Email is the online service which is most used by micro businesses (98%) with over half of respondents saying they use email at least once an hour (52%), and nine in ten (89%) using it at least once a day. Email is the only service where hourly usage forms a notable part of overall usage.

Four in five micro businesses also say they use online banking (81%), suggesting that this is an essential task for the vast majority of micro businesses. A majority say that they use the internet for working from home (61%), update and post new content on their website (57%) or e-invoice (56%). Two in five respondents say they use online banking every day (40%) and more than a third say the same for online services for working from home (37%), implying that these services in particular form a regular part of micro business life.

Just more than half of respondents say they do not use social media for business purposes (53%) which suggests that this is still an area which many businesses have yet to explore. More could be done in the years to come to develop and promote the potential benefits of social media to businesses.

Q4. I am now going to read out a list of online services and applications. For each one, please tell me whether your business uses that service, and if so, how often.

Showing top 6



Base: All respondents who have a business internet connection (n=863)

The **speed of internet connection clearly makes a difference to the usage of online services**, with businesses equipped with superfast broadband more likely than those with regular broadband to use any of the services tested.

Seven in ten businesses which have been in operation for less than 5 years (71%) say they have used social media for business purposes, more than double the proportion of those in operation for 20-50 years (30%). This suggests that it is **businesses which have recently launched** that have taken full advantage of the opportunities presented by social media. Social media use is most widespread in the arts and entertainment sector (62%), perhaps reflecting the importance of new forms of media to these businesses.

Similarly, businesses which have been in operation for less than 5 years (77%) are the most likely to say they update and post new content on their company website. This suggests that in the first few years of a business starting to trade, a website is key in reaching as broad an audience as they can.

This is in contrast to those businesses which have been operating for 20-50 years (50%) who may believe their products and services to be better established in their market.

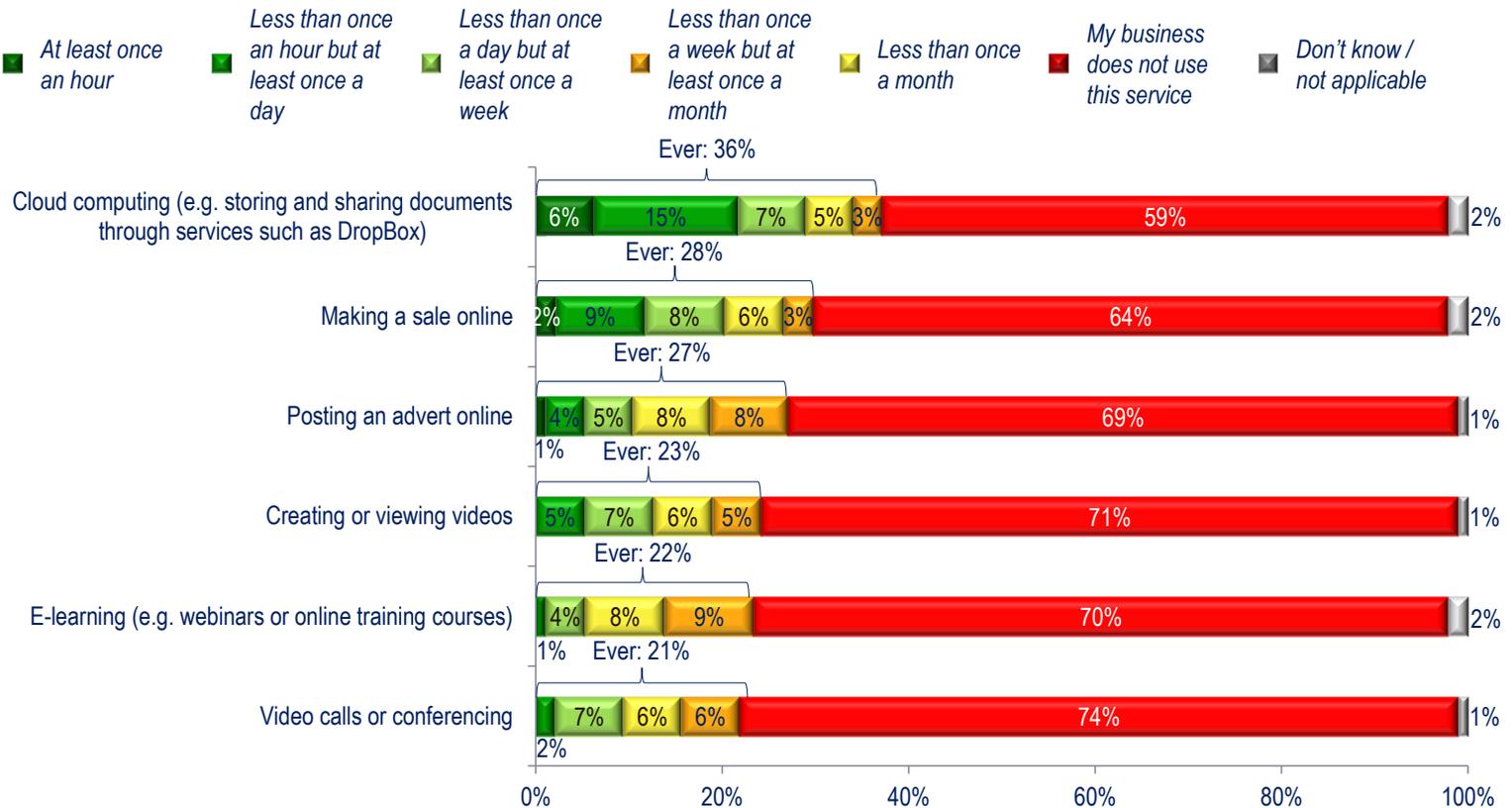
Using services that support working from home is particularly common in the IT and arts sectors (77% and 70%), but least common in services and hospitality (46%). It is also most common in smaller micro businesses (63% of those with 0-4 employees compared to 50% of those with 5-9 employees), suggesting that those who work alone or with only a few others may do away with a formal office altogether.

The online service micro businesses are least likely to use are video calls or conferencing, with three quarters of respondents (74%) saying their business has never used this service. Other little-used services include creating or viewing videos (71%), e-learning (70%), and posting adverts online (69%). These services have evidently not seen a great uptake among the micro business population.

More than a quarter (28%) of the micro businesses surveyed have ever made a sale online, although more than three in five (64%) have never done so. More than a third (36%) have used cloud computing. Cloud computing appears to be something of an 'all-or-nothing' service, with a fifth (21%) of micro businesses using it at least once a day, more than half of the total who use cloud computing at all.

Q4. I am now going to read out a list of online services and applications. For each one, please tell me whether your business uses that service, and if so, how often.

Showing bottom 6



Base: All respondents who have a business internet connection (n=863)

As with more popular services, those with superfast broadband are more likely than those with regular broadband to use any of the services tested, suggesting that **usage of these less well-known services may increase with connection speeds.**

Without exception, younger businesses (those in operation for less than five years) are more likely than older businesses (those in operation for 20 years or more) to use any of these services. Less well-known services such as these are clearly being **explored by new enterprises**, perhaps more willing to consider different ways of gaining a competitive advantage.

Certain services are especially popular with particular sectors. Cloud computing is most common in the IT (52%) and professional, scientific and technical (51%) sectors, likely reflecting the fact that businesses in these businesses are often on the cutting edge of technology. Video calls are particularly popular in business and finance (40%) and IT (39%), perhaps reflecting the global nature of the modern finance sector.

Reasons for usage

- **Greater efficiency than offline methods, being business-critical and being cost-effective are the key reasons why micro businesses use particular online services.**
- **Younger businesses may be turning more to social media to advertise their company.**

The main reasons for businesses using particular online applications or services are because they are **more efficient** than the offline alternative, they are **critical to the business** or because they are **cost-effective**. Of these, **efficiency is the most commonly cited reason** for using nine of the twelve services tested, and being business-critical is the most common reason for the remaining three of twelve. Cost-effectiveness features in the top three reasons of ten of the twelve services tested. Beyond these three key reasons, the only other factor to feature in the top three for any particular service is that service **allowing employees to work more effectively**.

Q5. Thinking about the online services that your business uses, why does your business use each of the following services?

- *It is more efficient or easy to use than the offline alternative*
- *It is critical to my business*
- *It saves my business money*
- *It allows me or my employees to work more effectively*

	First	Second	Third
Making a sale online			
Online banking			
Posting an advert online			Cost-effective
Social media for business purposes (e.g. a business Facebook page or Twitter account)		Business-critical	
Cloud computing (e.g. storing and sharing documents through services such as DropBox)	More efficient		Work more effectively
E-invoicing (paying or receiving invoices online)		Cost-effective	
E-learning (e.g. webinars or online training courses)			Business-critical
Video calls or conferencing			
Creating or viewing videos		Work more effectively	
Email			
Updating or posting new content on your company website	Business-critical	More efficient	Cost-effective
Working from home (including Virtual Private Networks or VPNs)			

Base: All who use each service (n=168 – 842 for each service)

While greater efficiency, being business critical and cost-effectiveness are the most common reasons for using a particular service, a number of the services tested see more **unique reasons for usage**, although these are always very much secondary to the three main factors.

One in ten businesses who post adverts online say that they do so to drive sales (10%), but a slightly higher proportion (13%) of those who use social media do so to drive sales as well. This suggests that micro businesses are **looking to social media as much as traditional online advertising as a way of marketing themselves**. This is supported by online advertising being more common among larger micro businesses (34% of those with 5-9 employees) than smaller ones (25% of those with 0-4 employees), perhaps suggesting that this requires greater financial clout that is not always available to micro businesses.

It is notable that social media use to drive sales is most common among the youngest businesses; 17% of those who have been in operation for less than 5 years, compared to 6% of those in operation for 20-50 years. This implies that social media advertising will only become more important to the micro business community. Notably, one in ten (10%) use social media for business purposes because it improves employee morale as well.

Cloud computing is important to some businesses as it provides security (15%). This sentiment is more common among the smaller micro businesses (17% of those with 0-4 employees) than the larger (3% of those with 5-9 employees). This may suggest that at present, there are doubts as to the ability of cloud computing to **provide a reliable back-up on anything but a small scale**. Usage of cloud computing for security and a back-up is also driven by those with **faster internet connections**, with superfast broadband users (22%) almost twice as likely as regular broadband users (12%) to say that this is a reason they use cloud computing.

Reasons for non-usage

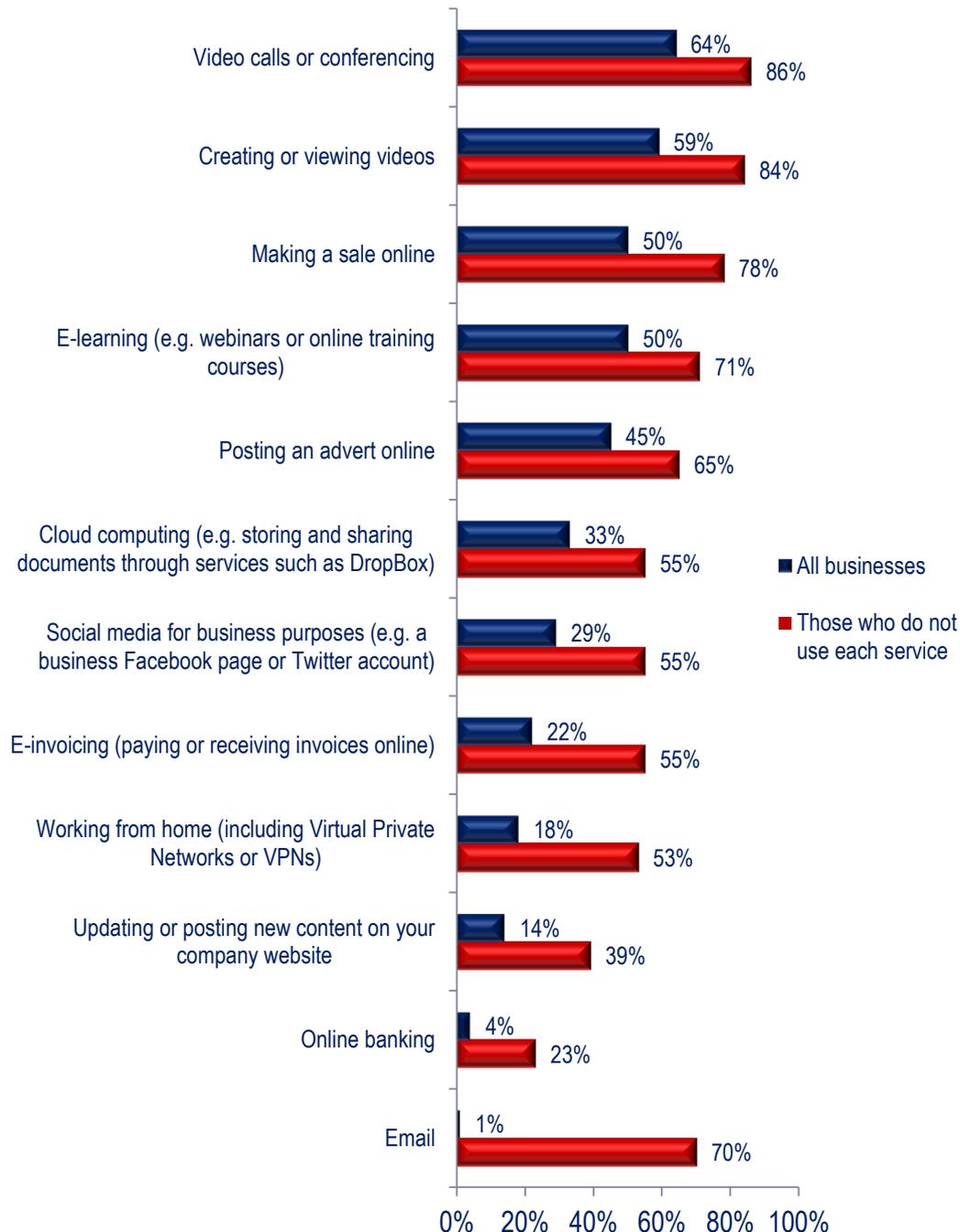
- The most common reason for not using any particular service is because that service is not relevant.
- The only exception is online banking, where those not using are more likely to have concerns about security.

The key reason for non-usage of any particular service, with the exception of online banking, is because that service is **ultimately not relevant to a particular individual's business**. Services being not relevant is understandably higher among less commonly-used services, such as video calls and creating or viewing videos. Email, the most commonly-used service, is the least likely to be seen as not relevant by those with a business internet connection.

Looking specifically at those who do not make use of a particular service, non-relevance is especially the case among those who do not use certain services, including video calls (86%), creating or viewing videos (84%), making a sale online (78%), e-learning (71%), email (70%) and online advertising (65%). This implies that for these services in particular, there are no particular barriers to micro businesses making use of them, they simply do not need to do so.

Q6. Thinking about the online services that your business does not use, why does your business not use each of the following services?

Showing proportion who say 'Not relevant'.



Base: All respondents who have a business internet connection (n=863). All who do not use each service (n=15 – 657 for each service).

Online banking is the only service tested where it being not relevant (23%) is not the most commonly cited reason for not using it. Rather, the most common reason given is because respondents are worried about security issues, or do not trust the security of online banking (25%). While only one in six micro businesses (17%) do not use online banking, it is clear that **more could be done to reassure non-users of the safety features in place**. More simply, one in twelve (8%) find online banking too impersonal, and prefer personal interaction when banking.

While only a small proportion, 3% of micro businesses who do not use **video calls** say that this is because their internet connection is not fast enough, suggesting **that a lack of high-speed internet** is a barrier to using this particular service. This is borne out by the fact that no respondent with a superfast connection said that this was a reason for them not using video calls.

One in eight (13%) say that they do not use **social media** because they do not like the idea. The most technologically advanced micro businesses appear to be turning against social media, as those with superfast broadband are twice as likely as those with regular broadband to say that they are not social media fans (23% compared to 11%). Similarly, a notable minority do not use **E-invoicing** (11%) or **E-learning** (6%) because they consider other methods to be better.

When it comes to **using the internet to work from home**, 8% of those who do not do so say that this is for practical reasons, because doing so would limit what they can do, or that all their work equipment is at their office. Just less than one in ten (8%) have never heard of or considered **cloud computing**, implying a lack of awareness of this new form of technology. One in seven (14%) outsource their **website** maintenance.

RECOMMENDATIONS

Finding

Recommendation

While cost is by far the most important single factor in determining why micro businesses choose the internet products that they have, a notable proportion **did not consciously choose their internet provider.**

BSG may wish to explore promoting greater choice among micro businesses, to ensure that they are **working with the best product for them**, rather than one unsuited to their needs.

Many online services do not currently see widespread use, but **younger businesses and superfast broadband** are driving the use of less well-known services.

BSG can **anticipate an increase in usage** as superfast broadband becomes more prevalent and the number of tech-savvy companies grows. It should be borne in mind that **currently, speed is not a major barrier to usage of online services**, but could become so in the future.

Micro businesses are most likely to not use a particular online service because it is **not relevant or useful to them**. The only exception is online banking, where **concerns about security** are the main reason for not using it.

BSG should work together with the broadband and banking industries to **reinforce both the reality and perceptions of online security**. This will help to remove the one notable barrier to online service usage.

Next steps

- Track these results over time in order to understand how micro business broadband usage is changing, particularly in the context of the spread of superfast broadband and maturing of younger businesses.
- Consider in-depth qualitative research among those concerned about the security of online banking, in order to better understand the practical actions that need to be taken to overcome this barrier.



For more information please contact:

James Rentoul
Senior Consultant
020 7871 8654
James.Rentoul@ComRes.co.uk